

DOCUMENT # 5060

Voted as Amended ADOPTED
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MEMORANDUM

JUNE 23, 1988

TO: BOSTON REDEVELOPMENT AUTHORITY BOARD AND
STEPHEN COYLE, DIRECTOR

FROM: RICARDO A. MILLETT, ASSISTANT DIRECTOR FOR
NEIGHBORHOOD HOUSING AND DEVELOPMENT
RONALD M. FONG, PROJECT MANAGER

SUBJECT: RELEASE OF AFFORDABLE HOUSING COVENANT ON THE WINSLOW
COURT PROJECT IN ROXBURY

SUMMARY: Memorandum requesting authorization to issue a Release of Covenants and Restrictions for the Winslow Court project in Roxbury. The Authority's release of deed restrictions beyond the UDAG requirements is prerequisite to the Massachusetts Housing Finance Agency's approval of Homeownership Opportunity Program funds.

OIC Housing Development Corporation (OIC-HDC), a Massachusetts non-profit corporation, is developing the Winslow Court project in the Dudley Square neighborhood of Roxbury. Winslow Court will consist of 24 newly constructed homeownership townhouse units, all of which will be affordable to moderate-income families. Permanent mortgage funds are being provided by the Massachusetts Housing Finance Agency (MHFA) at a below-market rate to assist the City in providing affordable housing with this project.

MHFA has approved a commitment of \$1,810,180 in permanent mortgage funds under the Homeownership Opportunity Program (HOP). The commitment is subject to the Authority's approval to waive deed restrictions beyond the UDAG requirements. The UDAG that has been awarded to the project provides for the City's participation in the net proceeds realized upon the rental, refinancing, sale or transfer of each unit. OIC-HDC and Authority staff therefore request that the Authority's Affordable Housing Covenant be waived for this project.

Project Summary and Financial Plan

Opportunities Industrialization Centers of Greater Boston (OIC) is a non-profit corporation that has been providing job training and employment services in the Dudley Square neighborhood for almost 19 years. OIC has established OIC-HDC, a non-profit corporation, to serve as the development vehicle for the Winslow

Court project.

Winslow Court will consist of 24 townhouse condominium units. The project consists of 20 2-bedroom units and 4 3-bedroom units. All of these units will be affordable to moderate-income families. The project is located on Dudley and Dearborn Streets, one half block from OIC's headquarters, in the Dudley Square neighborhood of Roxbury.

Winslow Court is presently under construction. The townhouses are expected to be ready for occupancy this July. Marketing efforts undertaken by OIC-HDC has yielded over 20 income-eligible families who are proceeding through the mortgage application process.

The total development cost of Winslow Court is \$2,705,400 (\$2,002,000 in hard construction costs and \$703,400 in soft construction costs). OIC-HDC has obtained a construction loan for \$2,094,000 from Shawmut Bank, and a loan commitment of \$250,000 from the City of Boston's Public Facilities Department. An Urban Development Action Grant (UDAG) of \$360,000 has been obtained to assist in the permanent financing of the project. The Boston Redevelopment Authority has provided a loan of \$185,000 from the Neighborhood Housing Fund to maintain the affordability of the project. An additional \$144,500 has been provided by the Authority in the form of a letter of credit to provide a construction overrun guaranty for the project.

Conclusion

A Release of Covenants and Restrictions is necessary due to the terms of commitment of the MHFA mortgage. The UDAG restrictions should deter resale of units and induce moderate-income families to reside at Winslow Court for at least 10 years. It is therefore recommended that OIC-HDC be granted a release from the Covenant For Affordable Housing, upon terms and conditions that the Director may deem in the best interest of the Authority.

An appropriate vote follows.

VOTED: That the Director be, and hereby is, authorized to execute any and all instruments, including but not limited to, a Release of Covenants And Restrictions, necessary to release the covenants and restrictions set forth in the Covenant For Affordable Housing attached to a certain Land Disposition Agreement and related Deed, both dated July 22, 1987, and respectively recorded with the Suffolk County Registry of Deeds in Book 13910, Page 202, and Book 13910, Page 266, for the Winslow Court project at 250-256 and 268-286 Dudley Street. Said agreement would include such terms and conditions that the Director deems in the best interest of the Authority.



THE COMMONWEALTH OF MASSACHUSETTS

MASSACHUSETTS HOUSING FINANCE AGENCY

50 MILK STREET

BOSTON, MASSACHUSETTS 02109 • (617) 451-3480

MARVIN M. SIFLINGER
Executive Director

March 18, 1988

Clarence Donelan
OIC Housing Development Corp.
214 Dudley Street
Boston, MA 02119

RE: Winslow Court
Project # 87-HOP-013

Dear Mr. Donelan:

The Members of the Board of the Massachusetts Housing Finance Agency (MHFA) have approved a commitment of \$1,828,180 for the Winslow Court Project located in the City of Boston under the Homeownership Opportunity Program (HOP).

The commitment is subject to the following:

1. Receipt of verification of Boston Redevelopment Authority (BRA) approval to waive deed restrictions beyond the UDAG requirements.
2. Receipt of confirmation of City funds in the amount of \$185,000 deposited to the construction loan account.
3. Receipt and approval of an Affirmative Fair Marketing Plan.

Verification of the BRA's approval to waive deed restrictions must be submitted prior to MHFA assigning a lender to originate the mortgages.

This conditional commitment of mortgage funds at interest rates which are expected to be below market is contingent upon your adherence to all MHFA requirements for HOP and MHFA's ability to raise lendable proceeds through the sale of tax exempt bonds. This commitment expires on March 8, 1990.

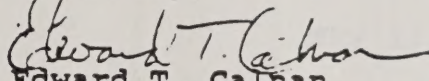
Winslow Court will receive a set-aside of funds when the above conditions have been met.

Please acknowledge your acceptance of the terms and conditions of

this commitment by signing the enclosed copy where indicated and returning it within 30 days of the date of this letter. Failure to do so may jeopardize future funding for this project.

The Agency is looking forward to working with you to make the Homeownership Opportunity Program a successful partnership in the creation of affordable housing in Massachusetts.

Sincerely,


Edward T. Calnan
Associate Director

cc: Lisa Chapnick, Director, PFD
David Carter
Liza Nolan, MHP
Ray Johnson, MHFA
Roger MacLeod, MHFA

I hereby accept the terms and conditions outlined above.

Date

Authorized Signature

*Opportunities Industrialization Centers
Of Greater Boston, Inc.
214 Dudley Street, Roxbury, Mass. 02119*



*Clarence W. Donelan
Executive Director*

(617) 442-2424

*Maria L. Coleman,
Chairwoman
Board Of Directors*

Mr. Steven Coyle
Director
Boston Redevelopment Authority
City Hall, 9th Floor
Boston, Massachusetts

May 13, 1988

Dear Mr. Coyle:

As you know OIC Housing Development Corporation's Winslow Court affordable housing condominium development is progressing well. Assistance of the BRA has been essential at several points; initial planning and site assembly, application and negotiation of the UDAG, arrangement of BRA and PFD subsidies, assistance in the appraisal process, and most recently the provision of a letter of credit for nearly \$150,000 to partially secure the construction loan from Shawmut Bank. We are now entering the final phases of construction (substantial completion should occur by the end of June) and are in the midst of marketing and buyer qualification.

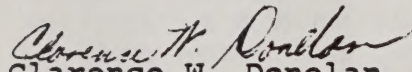
It is critical that the amendment of the UDAG be approved by HUD and that the conditions of the MHFA commitment be satisfied as quickly as possible. I know that Ron Fong and Janet Carlson of your staff are working to get the UDAG amendment approval, and, I hope that this will occur soon enough to allow closings during the summer. However, I am concerned that the deed restrictions currently encumbering the units have not yet been waived. This letter is to insure the Authority that OIC-HDC supports this waiver, as it is critical to the success of the project. In addition, given the nature of this project the substantial restrictions which are imposed by the UDAG second mortgages, the deed restrictions seem unnecessary and inappropriate.

The Authority's desire to make sure these units are purchased by persons of moderate means, who have not owned their home before, and who plan to stay for several years is entirely consistent with OIC-HDC's goals, and the requirements of the HOP subsidy and the UDAG forgivable second mortgage work very well together to achieve this result. Indeed, the only way for a homeowner to realize the full benefit of the \$15,000 UDAG for their unit and obtain all the appreciation, if any, that occurs during their ownership is to remain as owner for at least 10 years.

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For these reasons, the OIC-Housing Development Corporation feels strongly that the deed restrictions should be waived. As recently as Wednesday evening, May 11, 1988 at a Board meeting this issue was discussed again, and the Board was very strong in its position that the restriction should be waived. I sincerely hope that you are in agreement with us on this point, in order that the Winslow Court project can proceed to a successful conclusion.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Clarence W. Donelan".

Clarence W. Donelan
Executive Director

However, the desire of the BRA that its assistance also guarantee that these condominiums be "affordable" in the future strikes OIC as well meaning but misguided and truly unfair to people who might purchase the units with the deed restrictions advocated by the BRA. The reason is very simple; these first time homebuyers are being told that there is a limit to the appreciation they can expect, but no limit to the loss they might experience; there is no guarantee that these purchasers can recover their equity investment, much less appreciation at the rate of increase of the Consumer Price Index. But the purchasers are being told that the most appreciation they can hope for is equal to the increase in the C.P.I.

This requirement, as you know, has already been a significant problem in the development, financing, and marketing of this project, and has the prospect of being the only serious issue which could delay or even prevent the successful marketing of the project. This situation is even more upsetting in light of the characteristics of the people who have already expressed interest in purchasing units in Winslow Court. To date, all of the over 50 people who have filled out applications live within one or two miles of the project and most of these people have lived in Boston's minority community for several years. Several are veterans. They are all seeking to do what people have been doing in America for decades: to invest most of their life savings in a home that's part of their community, take good care of that home, and benefit from their risk-taking and conscientious home ownership so that they can buy a larger home as their family grows, finance their children's education or help themselves prepare for retirement. Unfortunately, this potential for substantial appreciation is being denied to them, while they are being given no guarantee that they won't lose their total investment and be liable for any mortgage loan losses.

This situation seems patently unfair and counterproductive. If we all want to continue to revitalize Roxbury, both physically and economically, why not do it the same way that suburban growth in the U.S. was promoted after World War II and the Korean War? Public investments were made in roads, sewers, water systems, schools and other infrastructure necessary to get people to risk their own money to buy a home. The incentive was better living conditions, and a good chance that if they took care of their home and participated in community affairs to make their city or town a more desirable place to live, that their investment would return more than just the rate of inflation. There weren't any guarantees against losses, but there weren't any limits on long term gains as are being imposed here on a group of people who are most likely to be principally members of the minority community.

